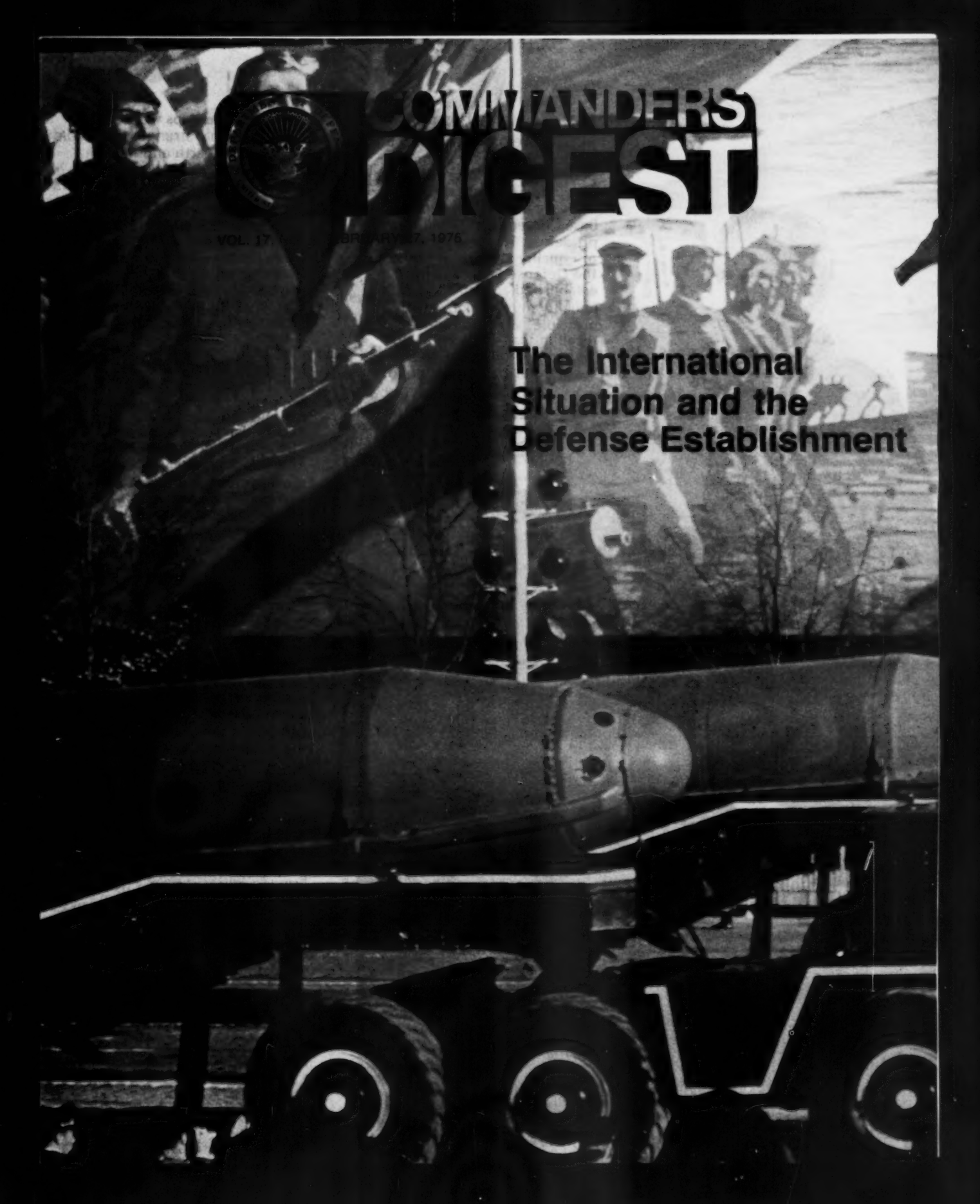

COMMANDERS
DIGEST
VOL. 17
FEBRUARY 17, 1976
The International Situation and the Defense Establishment

Last year I quoted from *Proverbs* to the effort that "Where there is no vision, the people perish." The vision that I attempted to suggest then was one of peace amoung the great powers based on equality, civility, and prudence. This year, the principle of equality strongly supported by the Defense Department was established at Vladivostok. But equality must be more than a principle. We would do well to recall in that connection that "When a strong man armed keepeth his palace, his goods are in peace." Perhaps we are no longer of "that strength that in old days moved earth and heaven," but we must still be "strong in will—to strive, to seek, to find, and not to yield."

To heed that advice, we must maintain military strength. But there remains the problem of defining our specific defense objectives and establishing efficient programs for their attainment. A French official once solved the problem very succinctly. He said that the Maginot Line began where it was required and ended where it was no longer needed. However, we can and should do better than that. As a British statesman once asked: "Does it mean that because Americans allegedly won't listen to sense, you intend to talk nonsense to them?" The answer is: No.

I am sensitive to the fact that national security is not a product that brings explicit and tangible benefits to us, although most of us are acutely aware when it is absent. As Sir John Slessor once noted: "It is customary in democratic countries to deplore expenditure on armament as conflicting with the requirements of the social services. There is a tendency to forget that the most important social service that a government can do for its people is to keep them alive and free."

It is also common to allege that the Defense budget contains some inner momentum of its own, that it has a Parkinsonian tendency to expand independently of external threats (although the perceived growth is in current and highly inflated dollars). Few of us give ear to some of our most trenchant critics in Congress who acknowledge that the Department of Defense is the best managed in government.

Obviously, this Department can always improve the efficiency of its performance, but we will never reach zero defects. In any event, the United States can afford both

increased social programs and an adequate posture of defense; the two objectives are not incompatible and we do not have to trade one for the other.

What is more, the defense of this Nation and its interests is a matter of the utmost gravity; despite theories to the contrary, we have not arrived at this budget (or its predecessors) as a result of some form of mindless bureaucratic bargaining. The issue before us, therefore, is not how to restrain these voracious bureaucrats. It is how much defense of what kind we need to be reasonably confident of securing this Nation and its myriad interests.

We live in an interdependent world economy, and our foreign economic interests are substantial. United States assets abroad amount to more than $180 billion. Annually, we export more than $70 billion in goods and services, and our imports are of an equal or greater amount. The oil embargo of 1973 is only the most recent and pointed reminder that we have a keen and growing interest in distant lands—their markets and their products.

Our foreign political interests are even more extensive. Within this century we have participated in two great wars to ensure that Europe did not fall under the domination of a single power. We have a similar interest in seeing that Japan remains independent and that the other nations of Asia are free to choose their own destinies. Our concern for the freedom of the Western Hemisphere from external domination now dates back more than 150 years. And, we have important economic and strategic interests in Latin America, including the Panama Canal. Even in a period of questioning and self-doubt, there remains a consensus within the country that we have vital interests in Western Europe, the Middle East, the Persian Gulf, and Asia. Contrary to occasional suggestions, surely the right cure for what may seem an excess of commitments is not the blind and hasty abandonment of all commitments. Our objective, as a great power, is to display a somewhat greater degree of steadfastness.

Despite detente and its opportunities, the need for steadfastness is no less great than it was a decade or more ago. Putting aside the shibboleths of the cold war era, it is nonetheless the case that the world remains a turbulent place. The military confrontation along the Sino-Soviet border continues. Both Washington and Moscow appear to agree that the situation in the Middle East is extremely volatile. Our allies in Europe and Asia find themselves in

THE NATURE OF THE CHALLENGE

By
JAMES R. SCHLESINGER
Secretary of Defense

"Our U.S. Army, Europe (which we plan to strengthen by two brigades and other ground combat elements) and U.S. Air Forces in Europe (which we also plan to strengthen) . . . represent a critical numerical and psychological factor in the current, somewhat precarious equilbrium . . . "

varying degrees of economic and political difficulty. From the Azores, through Europe and the Mediterranean, to Japan, common objectives and policies remain to be formulated. The conflict over Cyprus continues unresolved. In several countries with whom we have close associations, succession crises are in the offing. The international waters are troubled and the temptation to fish in them to the detriment of U.S. interests cannot be entirely absent.

The Soviet Union and the Peoples Republic of China (PRC) have proved to be relatively prudent powers under their current leadership, although some of their client states appear to suffer from periodic excesses of revolutionary exuberance. Challenges may therefore arise even though the great powers do not wish to initiate them. Whatever the case—and the future is clouded with uncertainty—there is no doubt about the very large military capabilities at the disposal of the U.S.S.R. What is more, these capabilities continue to grow. In our prices, the Soviets now devote more resources than the United States in most of the significant categories of defense. In overall research and development, they outstrip us by 20 per cent; in general purpose forces by 20 per cent; in procurement by 25 per cent; and in strategic nuclear offensive forces by 60 per cent.

What is more, we are now beginning to witness in the Soviet Union the largest initial deployment of improved strategic capabilities in the history of the nuclear competition. How far it will go we do not yet know, but there is no doubt that these new Intercontinental Ballistic Missiles (ICBMs)—with larger throw-weights, Multiple Independent Retargetable Vehicles (MIRVs), and improved accuracies—combined with significant improvements in their sea-based missile force, will give the Soviets a much more powerful strategic offensive force, even within the constraints of Vladivostok.

At the same time, the Soviets have continued to strengthen their general purpose forces and provide large amounts of military assistance to other states. One of the more impressive feats performed by the Soviets during the past five years is to have built up their forces in the Far East to a strength of more than 40 divisions without any diminution of their capability west of the Urals. In fact, during the past year, there have been both qualitative and quantitative improvements in the forces oriented toward the North Atlantic Treaty Organization (NATO), and the Center Region of the Alliance still faces a deployed force of about 58 Warsaw Pact divisions, with the possibility that at least 30 more could be added from the U.S.S.R. alone within a relatively short period of time. The northern and southern flanks of NATO face smaller but nonetheless formidable forces as well.

While we have heard a great deal about U.S. forward based systems with nuclear capabilities, remarkably little has been made of the large number of noncentral nuclear systems that the Soviets deploy, some of which—under certain circumstances—would be capable of hitting parts of the United States, most obviously Alaska. It is noteworthy, in this connection, that the President was unwilling to compensate the Soviets for our forward based systems in the negotiations at Vladivostok.

What we have to recognize, in sum, is that: first, the United States continues to have large and growing interests in an interdependent world even as it faces a number of problems at home; second, the areas of greatest interest to the United States are beset by a number of internal and external difficulties; third, despite detente, the sources of potential differences and conflict among the powers remain numerous; and fourth, large and diversified military capabilities remain in the hands of powers with whom our relationships have to some degree improved, but powers who have not traditionally wished us well or looked with cordiality upon our interests.

DEFENSE EXPENDITURES
(Billion 1973 Dollars, excludes military assistance and civil defense)

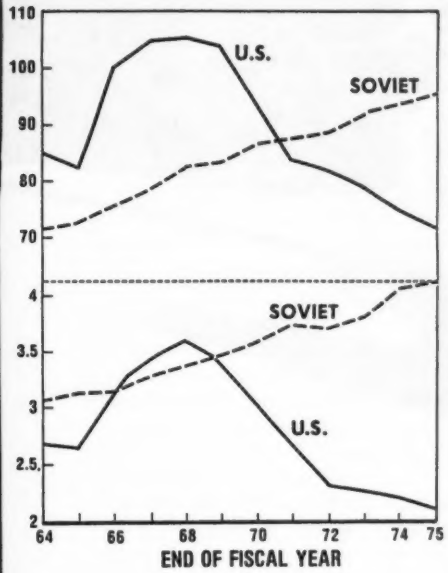
MILITARY MANPOWER★
(Millions)

★As a result of further data, a new analysis of the number of personnel assigned to the command and general support portions of the Soviet Armed Forces is underway. There are a number of individuals assigned to supply, research, and training elements for whom we have not yet accounted.

The U.S. Role

A major issue that we must face as a nation concerns the degree of initiative and leadership that the United States should provide in the face of these global complexities. As a result of events last year in the Middle East, no one can doubt that the world has become truly interdependent and that American citizens remain vitally concerned with its evolution. Clashes in various parts of the world have

SOVIET — U.S. DEFENSE EXPENDITURES AND MILITARY MANPOWER



demonstrated the importance of U.S. diplomatic efforts both to foreign governments and to our own citizens. And we are all aware that we have become vulnerable to nuclear attack. It is also quite obvious that the United States will remain one of the only two superpowers for many years to come. For that very reason, however passive and restricted our role in specific situations, we will loom as a major factor in the calculations of other nations, and many of them will seek to involve us in their affairs. Such was the case in the earlier part of this century; it is even more so now.

But none of these realities mean that we must take initiatives, try to shape the future to our ideals, work toward results favorable to our interests, or forestall unwanted challenges. In principle, at least, a relatively passive policy, a sense of limited liability, and a minimal military posture are alternatives that are open to us.

Some of our citizens might even find favor in such a role, provided that their own particular oxen were not gored in the process. An active foreign policy implies risks, but so does passivity. There is no risk-free policy. In the face of uncertainty and a not altogether friendly world, it is more prudent to shape the future by our own actions than to let others do it for us.

It is also worth recalling that a number of factors, in addition to our diplomatic relationships with the Soviet Union and the People's Republic of China, have changed during the last generation.

—The United States, while remaining the great arsenal and reserve of democracy, has also joined its first line of defense; moreover, it is alone as the superpower of the non-Communist world.

—It is all well and good to add up the population and gross national product of the European Economic Community and pretend that it is a substitute for the United States; but it will be many years before the nine members of the Community can act with the unity, coherence, and efficiency that we command.

—In the meantime, despite the promising dialogues begun with the U.S.S.R. and the P.R.C., it would surely be unwise to forego the maintenance of a balance of power in critical areas of the world.

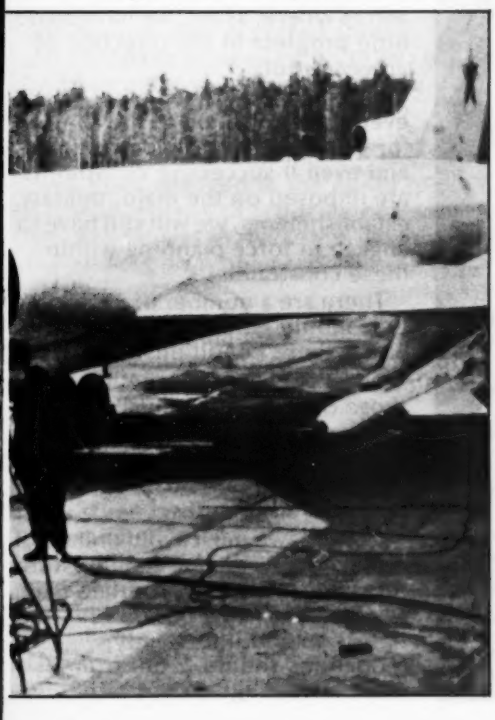
Perhaps all will go well without the maintenance of such balances and the deterrence of hostile acts

". . . During the past year, there have been both qualitative and quantitative improvements in the forces oriented toward NATO, and the Center Region of the Alliance still faces a deployed force of about 58 Warsaw Pact divisions, with the possibility that at least 30 more could be added from the U.S.S.R. alone within a relatively short period of time. The northern and southern flanks of NATO face smaller but nonetheless formidable forces as well."

A special contribution of the B-1 bomber is the massive complications it introduces into any attack plan directed at the U.S. strategic forces. The Tupooev TU-28P, right, is one of the Soviet Air Force's four modern types of interceptor. The one shown here is carrying an advanced infra-ray homing missile under its wing.

that go with them. Perhaps we can now depend on the good will of others to preserve the independence and territorial integrity of our friends and the protection of our farflung interests. But we ought not to tempt fate in that particular fashion. That being the case, there is no alternative to a strong defense establishment for the United States as a basis for its continued leadership in the world.

Moreover, there is little reason why we should expect this requirement to change in the future. Despite our hopes for detente and an end to the cold war, we have been driven out of the paradise of isolation and noninvolvement which characterized the America of the nineteenth and early twentieth centuries; and as Thomas Wolfe reminded us in another connection: We can't go home again. No longer can we expect other nations by themselves to man the front lines of freedom. No longer can we depend on the strength of our allies to buy us the time to expand our defense production base, to mobilize and deploy our forces, to learn the lessons of the conflict from the mistakes of others, and to turn the tide of war in our favor. The luxury of time—and the old role that went with it—are gone, perhaps forever.



In these circumstances, barring the millennium, ready military power will continue to be necessary; without it, anarchy will ensue. As President Ford has pointed out: "A strong defense is the surest way to peace. Strength makes detente attainable. Weakness invites war. . . ." In a volatile world, a credible deterrent capability is essential to our well-being. The real issue thus is hardly one of need; it centers on the types and magnitudes of deterrent forces that we must have.

The Basis for Planning

A world in which so many conditions are changing simultaneously makes it difficult to state with precision what those types of magnitudes of forces should be. But as a very great power in the forefront of world politics, we cannot afford to play the accordion with our military posture any longer. As long as interests differ among the powers and competition continues (however muted), we must aim for an economical and stable defense posture that is suitable to the environment and that we can sustain over the long haul.

The movement toward detente with the U.S.S.R. and the P.R.C. may seem to suggest that such a posture can be very minimal indeed. Before we reach that conclusion, however, we would do well to remember that where the U.S.S.R. is concerned, we can reasonably expect:

- A relaxation but not a eradication of tensions with the United States;
- A move away from the risk of direct military confrontation with the United States (as long as we maintain our military strength), but not at the sacrifice of any major interests as perceived by Moscow;
- A continued pursuit of and even an increase in the ideological struggle;
- The maintenance of a relatively closed society and a cloak of great secrecy around the decisions of her government;
- A belief that the atmosphere of detente has arrived because, as the Soviet leadership might put it, the correlation of forces has begun to shift in their favor;
- The continued allocation of major resources to a strong and growing military posture, and a singularly persistent effort to create a balance of military power more favorable to the U.S.S.R.

With the differences that exist between our own social system and that of the U.S.S.R., and with the differences in political and economic objectives, it would be surprising indeed if there were not an extended period of time between the first steps toward detente and the more deeply cooperative relationship to which we aspire. Meanwhile, we must anticipate that moments of cooperation and agreement will alternate with periods of dispute and competition. In such circumstances and risk of confrontation, crisis, and miscalculation will remain present—as has been the case in the recent past. No one should be under any illusion about the extent, availability, and readiness of American military power should comparable cases arise in the future. A minimal military establishment will hardly meet the requirements.

This concern should not be taken as opposition to a reduction in military arms and budgets. On the contrary, the Department of Defense has urged and still urges and encourages progress toward the equitable control and reduction of both strategic nuclear and general purpose forces. Arms control agreements such as the President has initiated at Vladivostok not only remove uncertainties from the process of military planning; they also offer hope of reducing the costs of the arms competition and removing some of the tensions and suspicions that invariably accompany accelerations in the competition. Precisely for these reasons, the Department of Defense supports the earliest possible effort on the part of the United States to lower the currently agreed ceilings on strategic delivery vehicles below 2,400.

The movement toward detente with the U.S.S.R., and the Peoples' Republic of China may seem to suggest that such a posture can be very minimal.

Even as we support and actually desire arms reductions, we must be realistic in our expectations of how much can be accomplished in the near term. The actual removal of all nuclear forces from the arsenals of the world—however desirable—is not something that we can seriously anticipate, and the knowledge of nuclear fission and fusion is likely to be with us as long as the human race survives. This equally obvious but often-neglected prospect also holds true for the general purpose forces where, as yet, we have made little progress in the direction of arms control.

The main point, however, is that even if we continue to move forward on the arms control front, and even if successive constraints are imposed on the major military establishments, we will still have to engage in force planning within these constraints.

There are a number of principles that should guide our planning under these conditions.

First, our forces—together with those of our allies—must be a function, not of internal political disputes, but of our needs in light of the capabilities and programs of potential adversaries.

Second, we must avoid unilateral reductions in the baseline posture that we consider appropriate to our interests; in a period of transition and uncertainty, reductions should result from international agreement rather

than from temporary budgetary exigencies or the impulse to set a good example for the other side.

Third, we should nonetheless continue to strive for the utmost efficiency in the use of our scarce defense dollars and, as long as our baseline force requirements are not fully met, continue to convert excess overhead and support into increased combat power.

Fourth, our planning should abide meticulously by the spirit as well as the letter of existing arms control agreements and guidelines; in fact, we should plan toward the Vladivostok goals and our desire for other equitable agreements.

To proceed otherwise—and particularly to engage in unilateral force reductions—will not foster further detente and arms control. Instead it will simply create the kind of weakness that invites miscalculations, probes, tests, and the risk of disaster. Despite frequent use of the term "arms race," the United States has not engaged in the life-or-death competition that occurred among the European powers in the 1930s; and our defense budget, both as a percent of GNP and in its decline (in constant dollars), is a clear reflection of that fact. Indeed, we have been engaged in the rather peculiar process of reducing our defense budget in real terms while the Soviets have been raising theirs.

That, unfortunately, is the problem confronting us. We may be facing a situation where the Middle East is the potential tinderbox that the Balkans actually were in 1914, and where our international economic problems bear some resemblance to the 1930s, when international financial institutions and economic structures deteriorated and the Western powers turned inward and became weaker. In such an era, civility is essential, but it should be armed civility joined with prudence. Thus, while we should take other capabilities into account, our planning objectives should be to:

- Assure that no potential adversary achieves unilateral advantage over the United States.
- Leave unchallenged the Soviet capability for deterrence provided that our interests are respected and the traditional norms of international behavior are accepted.

In the present era, with so many sources of possible conflict, these principles and objectives—we believe—constitute the only prudent bases for planning.

The U.S. Navy nuclear-powered guided missile frigate USS South Carolina, DLGN-37, at sea.

Toward Long-term Deterrence

In the period prior to World War II, we could think of deterrence as based essentially on one type of capability—our non-nuclear forces. Even then we believed in a strong "forward defense" symbolized by a Navy second to none (and insisted on the principle of parity with Great Britain in the Washington Naval Treaty of 1922),

a small regular army, and a mobilization base on which to build and equip major land and air forces. But because of distance, powerful friends in Europe, and the assumption that we would have the time to mobilize, we could afford a defense budget that constituted no more than 2 per cent of the Gross National Product (GNP).

Now, however, all that has changed. The role of the United States has grown dramatically since World War II. Perhaps even more important, the technology of warfare has undergone a dramatic transformation. After 30 years, we are still struggling to adapt our concepts of conflict and its deterrence to nuclear weapons that range in yield from the subkiloton to the multimegaton; to delivery systems that can travel intercontinental distances in 30 minutes; and to improving accuracies that apply to short-range as well as long-range delivery systems and to high explosive as well as to nuclear warheads.

In the 1950s, some nations in the Western Alliance, including the United States, made the intriguing and convenient discovery that there was a phenomenon called deterrence, painless in that it would supposedly work without the unpleasant necessity of anyone being seriously prepared to fight. Even more miraculously, it turned out (or so it was alleged) that deterrence was low in cost—in contrast to defense. This observation led to the advocacy by some of reduced defense capabilities. Churchill himself spoke of safety as "the sturdy child of terror, and survival the twin brother of annihilation." Even now, deterrence is distinguished from defense and described as "the means of inflicting unacceptable damage in case of aggression. . ."

At base, however, this is nothing but a dangerous illusion, and most serious students of the subject have recognized it as such as the nuclear predominance of the United States has disappeared. Deterrence is not a substitute for defense; defense capabilities, representing the potential for effective counteraction, are the essential condition of deterrence. This simple truth becomes especially evident in a crisis, when forces designed only for "deterrence" are increasingly found to be lacking in credibility both to opponents and to their potential users.

Deterrence, in other worlds, is not something free-floating that exists independently of a credible, implementable threat. It requires the most careful structuring of forces that is fully consistent with an agreed-upon strategic concept. By contrast with the 1950s, when the great nuclear superiority of the United States concealed any basic deficiencies in strategic analysis and force structure, it is now evident that deterrence does not simply derive from a pile of nuclear weapons—a pile which one anticipates, at least, will frighten one's opponents as much as the people it is designed to protect.

In the 1950s, you may also recall, there was some misunderstanding of the need for balanced military forces as opposed to simple reliance on nuclear retaliation. The "fifties", if nothing else, were a period during which many institutions became excessively intrigued with the novelty of nulcear explosives. There is some evidence that the academic community has not recovered from the novelty yet.

More recently, illusions somewhat similar to those of the "fifties" regarding deterrence have emerged about detente. Only detente exercises an even more powerful magic since it is believed somehow to obviate the need for both deterrence and defense. But we should make no mistake about it: There is no conflict among detente, deterrence, and defense. They are inextricably bound up with one another in the maintenance of an equilibrium of power.

A relatively closed society like the Soviet Union has no difficulty in pursuing detente and simultaneously strengthening its defense efforts. Under such circumstances, this Nation should be under no illusions about the need to maintain a military balance and all the capabilities that go with it. If indeed we are to maintain a military posture second to none, there is no substitute for the hard, costly, and unremitting effort required to keep up the Nation's defense.

For more than a decade now, it has become generally accepted (regardless of administration or party) that credible deterrence must, among other factors, rest on a Triad of capabilities—strategic nuclear, theater nuclear, and nonnuclear forces. Each component serves as a deterrent to its opposite number and, together, they interact to enhance deterrence over the spectrum of possible conflicts. If we do not have the full Triad, in other words, an opponent might be tempted to exploit the gaps of our deterrent.

The main components of our deterrent forces will be discussed in detail later. Here, I simply want to review three key military balances: the strategic nuclear balance, the military balance in central Europe, and the worldwide maritime balance. The importance of our strategic mobility forces should also be underlined.

The Worldwide Military Balance

These three main balances do not cover all of the elements that we must consider in assessing the worldwide military balance that is the objective of U.S. and allied military programs. Of increasing importance, for example, is the comparative U.S. and Soviet

capability to project military power into potential crisis areas. Until recently this comparison did not concern us because Soviet capabilities to deploy and support military forces at some distances from its borders were negligible. The issue will be a matter of increasing interest to us in the years ahead as the strategic mobility of Soviet forces improves.

Another aspect of any comprehensive assessment of the worldwide balance is the contribution of U.S. overseas deployments outside of Europe, for example in Korea. These forces help maintain local balances and form U.S. strongpoints in the worldwide balance.

To assess all of these balances with confidence is difficult. U.S. and Soviet forces are different in many ways. Organizational, doctrinal, and weapon asymmetries have developed as a result of differences in historical experience, weapons design philosophy, relative resource scarcities, geography, and other factors. In the case of the three key balances that will be reviewed, there are larger and larger asymmetries as one passes from strategic nuclear forces, to the conventional forces in NATO (in which the center region receives so much attention), to the air and naval forces. Simple comparisons based on counting numbers of weapons and men, even if qualified by the differing technological quality of the weapons, tell only part of the story.

The Strategic Nuclear Balance

Credible strategic nuclear deterrence depends on the satisfaction of four major requirements. First, we must maintain an essential equivalence with the Soviet Union in the basic factors that determine force effectiveness. Because of uncertainty about the future and the shape that the strategic competition could take, we cannot allow major asymmetries to develop in throw-weight, accuracy, yield-to-weight ratios, reliability and other such factors that contribute to the effectiveness of strategic weapons and to the perceptions of the non-superpower nations. At the same time, our own forces should promote nuclear stability both by reducing incentives for a first use of nuclear weapons and by deterring and avoiding increased nuclear deployments by other powers.

The second requirement is for a highly survivable force that can be withheld at all times and targeted against the economic base of an opponent so as to deter coercive or desperation attacks on the economic and population targets of the United States and its allies.

The third requirement is for a force that, in response to Soviet actions, could implement a variety of limited preplanned options and react rapidly to retargeting orders so as to deter any range of further attacks that a potential enemy might contemplate. This force should have some ability to destroy hard targets, even though we would prefer to see both sides avoid major counterforce capabilities. We do not propose, however, to concede to the Soviets a unilateral advantage in this realm. Accordingly, our programs will depend on how far the Soviets go in developing a counterforce capability of their own. It should also have the accuracy to attack—with low-yield weapons —soft point targets without causing large-scale collateral damage. And it should be supported by a program of fallout

A test launch of a Navy Poseidon missile. The missile is one leg of the United States' Triad of bombers, ICBMs and SLBMs.

shelters and population relocation to offer protection to our population primarily in the event that military targets become the object of attack.

The fourth requirement is for a range and magnitude of capabilities such that everyone—friend, foe, and domestic audiences alike—will perceive that we are the equal of our strongest competitors. We should not take the chance that in this most hazardous of areas, misperceptions could lead to miscalculation, confrontation, and crisis.

The Soviets have already begun what will be a very substantial deployment of large new ICBMs in the first quarter of this year.

Our current and programmed capabilities continue to satisfy these four requirements of strategic balance and deterrence. The forces which fulfill these objectives are a Triad of bombers, ICBMs and Submarine Launched Ballistic Missiles (SLBMs). Each leg of the Triad is not required to retain independently a capacity to inflict in a second strike unacceptable damage upon an attacker. Instead, the three legs of the Triad are designed to be mutually supporting. Our sea-launched ballistic missile (SLBM) force provides us, for the foreseeable future, with a high-confidence capability to withhold weapons in reserve. However, some of the Polaris submarines are nearing the end of their useful life, so we must now plan for their gradual replacement. In doing so, we should make certain that we are insured against major improvements in antisubmarine warfare (ASW) by improving the performance of both the successor submarines and the missiles that will replace the Polaris A-3 and the Poseidon C-3. The Trident program provides that hedge and deserves continued support.

The ICBM force, the heart of which is the Minuteman series, continues to give us the accuracy, flexibility, and control necessary to deal with and thereby deter a wide range of attacks on military targets. It provides the most reliable source of limited response options so essential to nuclear deterrence under conditions of nuclear parity. The combination of silo-upgrading and a new understanding of the problems the Soviets would face in mounting a preemptive counterforce strike—the so-called "fratricide" effects—hold the promise of extending the period in which we can feel confident of the survivability of our ICBM force. This assumes that the Soviets exercise restraint in their own developments and deployments.

The Soviets have already begun what will be a very substantial, indeed unprecedented, deployment of large new ICBMs in the first quarter of this year. However, if the principles and spirit of Vladivostok prevail, our response can be quite restrained. We should continue improvements in our command and control systems to enhance the flexibility and responsiveness of our strategic systems. For credibility in limited options, we should make modest improvements in the accuracy of the Minuteman III by taking advantage of the capability inherent in its current guidance

system. And we should increase the range of yields available for our nuclear warheads, in part to compensate for the uncertainties that always surround the accuracies of all-inertial guidance systems when used under real-world conditions.

The most tried and tested of our strategic retaliatory forces—the heavy bombers—continue to interact with our ICBMs to heighten the survivability of both. At the same time, they provide us with a hedge against failures in our other retaliatory capabilities and complicate the Soviet defense problem. For some years, we kept 50 per cent of the force on a very high alert; subsequently we reduced it to 40 per cent. Now, unless the Soviets prove remarkably aggressive in their offensive and defensive programs, we can reduce the alert rate still further to 30 percent—and transfer some of the tanker force to the Reserves.

The last B-52 was produced in 1962. It should be clear, therefore, that if the heavy bombers are to continue their contribution to deterrence, we must plan for their modernization and the replacement of at least some portion of the B-52 force. Accordingly, continued but measured development of the B-1 is essential as a basis for any future production decision. Such a decision does not need to be made for at least another year. A special contribution of the bomber is the massive complications it introduces into any attack plan directed at U.S. strategic forces. Survivable aircraft render unattainable any credible coordinated surprise strike against U.S.-based systems. In addition, bombers complicate Soviet force management decisions, resulting in substantial air defense expenditures. Air defense is the aspect of Soviet defense programming which this Nation finds least disquieting.

Our modest but productive civil defense program also warrants continuation. I say this not because we plan to embark on any grandiose program of damage-limiting; the Anti-Ballistic Missile (ABM) treaty effectively precludes such an effort in any event. The value of the current program is that it contributes to deterrence in a crisis and offers the prospect of saving American lives in the event that limited and coercive nuclear attacks should actually occur.

Finally, because no significant long-range bomber threat to the United States now exists, and because—with the ABM treaty—we have recognized the difficulty of implementing a full-scale damage-limiting posture, we can rely on a reduced Continental United States (CONUS) anti-bomber defense capability. At the same time, as a hedge, we can draw on our tactical theater-defense training forces for CONUS defense in any emergency since, for the most part, they are based in the United States rather than overseas.

There are several aspects of this overall strategic posture, and the programs that go with it, that deserve attention:

- While it contains some counterforce capability, neither that capability nor the improvements we are proposing for it should raise the specter in the minds of the Soviets that their ICBM force is in jeopardy.

- In addition, this improved hard-target-kill capability will not threaten the growing Soviet SLBM force.

- It follows that we do not have and cannot acquire a disarming first-strike capability against the Soviet Union. In fact, it is our decided preference that neither side attempt to acquire such a capability. To sum up the existing situation, we have a good second-strike deterrent, but so does the Soviet Union. Although the two forces differ in a number of important respects, no one doubts that they are in approximate balance. There are, in short, no immediate grounds for fears about bomber or missile gaps. To go further, however, we would welcome reductions in these forces provided that the Soviet Union were willing to reciprocate in an equitable fashion.

As we convert the principles and guidelines of Vladivostok into the specifics of a 10-year agreement, this basic situation should continue to prevail. However, there are two uncertainties against which we should continue to carry insurance. A major uncertainty is the manner in which the Soviets will attempt to exploit their throw-weight advantage. The throw-weight of the Soviet ICBMs will continue to exceed that of the U.S. Minuteman force by a very substantial amount —perhaps by as much as a factor of six (unless the United States also increases its ICBM throw-weight). This throw-weight, combined with several thousand high-yield MIRVs and rapidly improving accuracies, could come to jeopardize the survivability of our fixed, hardened ICBM force.

COMMANDERS DIGEST

Vol. 17, No. 9, February 27, 1975

A publication of the Department of Defense to provide official and professional information to commanders and key personnel on matters related to Defense policies, programs and interests, and to create better understanding and teamwork within the Department of Defense.

Published weekly by the American Forces Press Service, 1117 N. 19th St., Arlington, Va. 22209, a unified activity of the Office of Information for the Armed Forces, OASD (M&RA). Reproduction of content is authorized.

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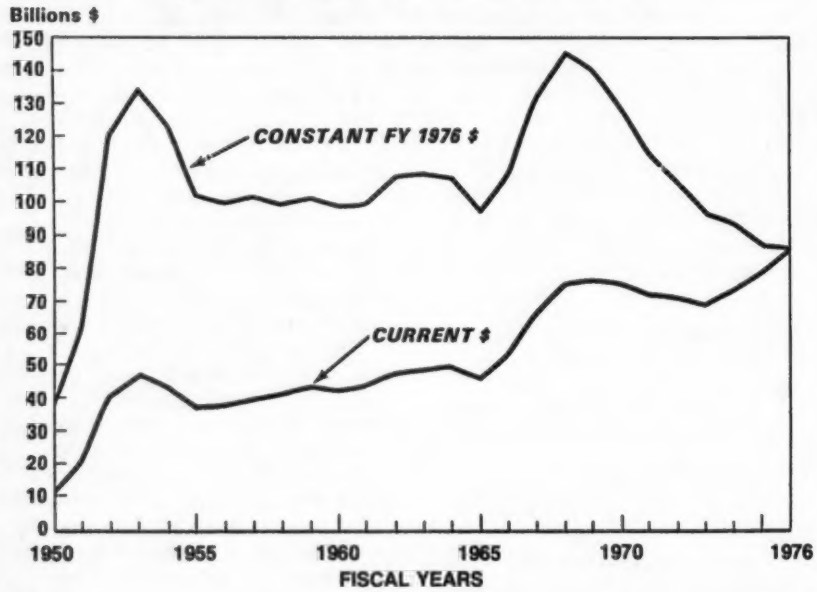
CURRENT AND REAL DEFENSE EXPENDITURES
(EXCLUDES MILITARY RETIRED PAY)



Such developments would not give the Soviet Union anything approximating a disarming first strike against the United States. One reason for this is that less than 25 per cent of the U.S. strategic deterrent capability measured in terms of missiles and bomber warheads resides in fixed ICBMs. But such a development could bring into question our ability to respond to attacks in a controlled, selective, and deliberate fashion. It could also give the Soviets a capability that we ourselves would lack, and it could bring into question the sense of equality that the principles of Vladivostok so explicitly endorse. Worst of all, it could arouse precisely the fears and suspicions that our arms control efforts are designed to dispel. Thus it is important that we continue to pursue programs that will permit us various options for responding to the growing Soviet counterforce threat against our fixed ICBMs.

You will recall in this connection that last year's program of strategic "initiatives" was justified on three major grounds. First, great uncertainty then existed as to the nature of any follow-on to the Interim Offensive Agreement of 1972 that we might be able to achieve. Second, essential equivalence was established as a fundamental criterion in the design of our strategic forces. Third, how far we went with these "initiatives" should depend on the evolution and pace of the Soviet strategic programs.

There now are fewer uncertainties about a successor to the Interim Offensive Agreement. But the other reasons for pursuing these "initiatives" remain strong, as I shall indicate later.

With a continuation of these "initiatives", and with the other programs outlined herein, I am confident that we can maintain a balance with the Soviet Union and assure a highly credible second-strike strategic deterrent within the framework of existing and future Strategic Arms Limitation Talks (SALT) agreements. Without these programs, however, I can give no such assurance.

Balance of Power in Central Europe

Last year I pointed out that we plan our general purpose forces on the assumption that, in conjunction with our allies, we should be able to deal simultaneously with one major attack and one lesser contingency. The major contingencies that we consider for force planning purposes are attacks in Central Europe and Northeast Asia, although we do not ignore such areas as the Middle East. In addition, I believe that collective security and deterrence require us to maintain an initial defense capability primarily in our active forces, a long-war hedge in our reserves, and several strongpoints or deployments overseas from which our forces can move rapidly to deal with such threats to our interests as might arise. Central Europe is the most important of these deployments, in large part because of the powerful forces from the Soviet Union and its allies that lie in such close proximity to it.

Our association with NATO now dates back more than a quarter of a century and there is general agreement that we should continue it. Despite occasional differences among allies, most of us recognize that Western Europe, Canada, and the United States are inextricably linked by a number of political, economic, and cultural ties. Despite the failures of the 1920s and 1930s, we share a

common interest in collective security and the deterrence of aggression. What tends to be at issue is not the importance and continuing desirability of the association, but the continued presence of a large U.S. military contingent in Europe combined with the capability to reinforce these ground and air forces substantially on very short notice.

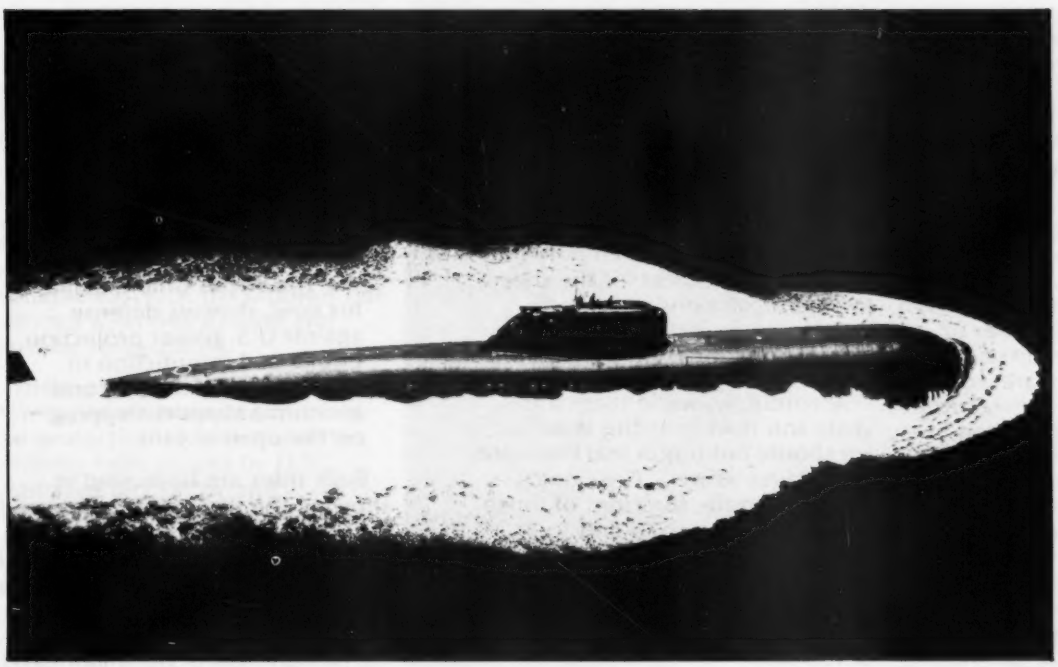
In an age of essential nuclear parity, few of us would be happy with a concept for the defense of Western Europe that was heavily dependent on an early recourse to nuclear weapons. Most of us would agree, once having looked at the facts, that a non-nuclear defense of Western Europe is feasible. It also is desirable, from the standpoint of deterrence, that such a defense should be backed up and reinforced at all times by theater nuclear forces. The existence of deployed conventional and theater nuclear forces in sufficient strength reduces whatever temptation there may be for the Warsaw Pact to probe the cohesion and determination of the Alliance.

Nevertheless, while the reasons for it vary, some form of proposal to withdraw at least a portion of our forces from Western Europe has become an annual event. The arguments for withdrawal are now familiar. Our forces have been deployed in Europe for nearly a generation. Our Allies, in the aggregate, have become prosperous and are amply endowed with manpower.

In fact, while it is true that the deployment of U.S. forces to Europe has contributed to the U.S. balance-of-payments deficit in the past, the major cause of that deficit has been the difficulty with our commercial account. Nevertheless, we have encouraged the Allies to offset our military balance-of-payments in Europe and the Allies have responded favorably. The United States recently concluded one of several two-year bilateral offset agreements with the Federal Republic of Germany which—when coupled with other Allied purchases of military-related equipment in the United States—should be sufficient to offset total U.S. defense balance-of-payments expenditures in NATO Europe during FY 1974.

Now, in any event, our financial problem is of a different order. The balance-of-payments drain is from the West to the Organization of Petroleum Exporting Countries (OPEC). This drain is particularly acute in the case of Japan and Western Europe. In the current situation, we must be careful of the demands we place on our Allies, lest we be guilty of the "beggar they neighbor" approach which President Ford has deplored.

It continues to be argued, nonetheless, that burdens can and should be more equitably shared among the Allies, despite current economic difficulties. Furthermore, the Soviet Union faces problems to the East that are alleged to divert her attention and, in any event, detente is here. Why then, has the time not come for a change?



A Soviet Charlie Class nuclear submarine cruises on the surface in the South China Sea. Photograph was taken by a U.S. Navy patrol aircraft.

To answer the question: this Administration is indeed prepared for change, but only if it takes place in the East as well as the West. Reductions are to be applauded, but they must be mutual and balanced force reductions.

Short of such reciprocity, however, there is a case for a strengthened military posture in NATO, even after 25 years, and the case for additional strength is very strong indeed. Despite significant reductions in overall U.S. force levels since 1969, despite detente, despite a major Soviet buildup on the Sino-Soviet frontier, we have to consider the following facts:

- The Soviet Union alone still deploys 27 of its first-line divisions in East Germany, Poland, and Czechoslovakia. Another 4 Soviet divisions still stand guard in Hungary.

- Other Warsaw Pact forces in the same area bring the total to more than 58 divisions, over 930,000 men, and about 2,900 tactical aircraft.

- The ground forces have at their disposal more than 16,000 tanks and hold to a tactical doctrine of rapid armored thrusts that bears a strong family resemblance to what we used to call blitzkrieg.

As matters now stand NATO has the capability and the resources to attain a more equal balance with the Pact even though it deploys a smaller number of divisions and has certain serious vulnerabilities that we are working to correct. Our U.S. Army, Europe (which we plan to strengthen by two brigades and other ground combat elements) and U.S. Air Forces in Europe (which we also plan to strengthen), all in compliance with the Nunn Amendment, represent a critical numerical and psychological factor in the current, somewhat precarious, equilibrium. If they were withdrawn or seriously reduced without reciprocity from the U.S.S.R., this capacity for a military balance would be badly upset. Furthermore, we would lose the foundation for rapid reinforcement from the United States to counterbalance any Soviet buildup that might occur, whether under relatively normal conditions or in a crisis. After 30 years, the peace of Europe would once again be at risk.

In other words, the choice here is the same as we face in so many other areas of foreign policy and national security. We can withdraw our forces and hope either that other countries will replace them, or that the Warsaw Pact will continue to exercise restraint. That is, we can depart from an area of great and enduring interest to us and let decisions about its fate be made by others. Or—politically and militarily—we can help to ensure the establishment of a balance of forces in Central Europe and nudge events in directions that are favorable to our interests.

Perhaps matters would proceed satisfactorily without our presence. Perhaps good will and mutual security would flourish precisely because of the departure of the only superpower in the West. Perhaps the bear would cherish the lambs in our absence. Perhaps. . ., but we should not count on it. As has been noted in the past, it is useless for the sheep to pass resolutions in favor of vegetarianism while the wolf remains of a different persuasion.

Accordingly, while there are costs and risks to being steadfast, we should not forget that there are advantages as well. The Congress has been in the forefront of those who have recognized and articulated these advantages for more than a generation. Now, as we gradually reap the rewards of standing fast, we should not think of retreat.

The Maritime Balance

As was emphasized in last year's Annual Report, it is essential that the United States, together with its allies, maintain naval forces that are widely regarded as at least equal in capability to the naval forces operated by the Soviet Union and its allies.

In assessing this balance, one should start by noting the substantial differences in geography, national policy, and alliance systems that dictate differing U.S. and Soviet naval missions and force structures. The United States and most of its principal allies depend fundamentally on use of the seas for their trade and commerce in peacetime and for their lines of communication in war. They also depend heavily on the strategic mobility provided by long-range airlift. The U.S.S.R. and its allies currently do not. Because of this basic asymmetry, the primary conventional naval missions of the two superpowers and their respective allies differ in several respects:

- The United States and its allies emphasize sea control and the projection of power ashore through attack carriers and amphibious forces. The U.S. Air Force also contributes to the mining and sea surveillance and control missions.

- The Soviet Union, at least for now, stresses defense against U.S. power projection efforts and interdiction of U.S. and allied military and economic support shipping on the open oceans.

Both sides are interested in showing the flag in peacetime and in surging deployed naval forces in a crisis, as has happened on several occasions in the Mediterranean. In this connection, it is important to emphasize long-term flexibility in the employment of our major naval

units. If commitments are too fixed, they will dictate the tempo of operations of the programmed forces and reduce flexibility.

Based on recent assessments of the maritime balance, six general conclusions are warranted.

First, confusion arises about the balance because of the asymmetry between the forces and their missions. Soviet naval forces emphasize an antiship capability. This capability is distributed among a large number of ships, most of which are small in comparison to our ocean-going units. U.S. forces, on the other hand, tend to concentrate striking power in a relatively small number of aircraft carriers. The carrier's escort ships emphasize defensive weaponry. In general, our units are larger, more sophisticated, and have a greater capacity for sustained action—advantages which tend to offset their somewhat smaller numbers. In addition, what is often overlooked, our Allies add significantly to overall U.S. strength, particularly in a NATO war; Pact allies add very little to the strength of the Soviet fleet.

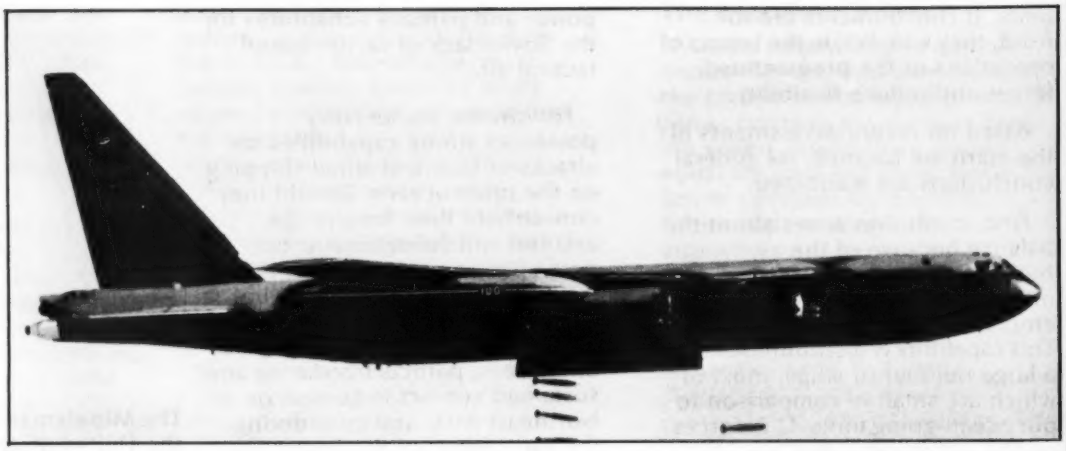
Second, once one removes the mission asymmetry and measures the balance, it becomes clear that the naval forces of the Soviet Union and its allies are not generally superior to those of the United States and its allies, and that this should be perceived by well informed observers. Nonetheless, U.S. naval power has suffered a serious decline and must be resuscitated.

Third, the Soviet Navy has developed a formidable force for the protection of Soviet and Pact territory from attacks by U.S. sea-based tactical air and amphibious forces. This force consists of surface ships, submarines, and long-range aircraft. Many of these units are armed with cruise missiles, an innovation in naval warfare which greatly increases antiship striking power and partially substitutes for the Soviet lack of carrier-based tactical air.

Fourth, the Soviet Navy possesses strong capabilities for attacks of U.S. and allied shipping on the open oceans. Should they concentrate their long-range aviation and submarine forces exclusively on this mission, their interdiction potential would be substantial. In view of the heavy U.S. and allied dependence on use of the seas, particularly during any sustained conflict in Europe or Northeast Asia, and considering the capabilities of the Soviet Navy for antiship operations, it would be imprudent to assume that the Soviets would not allocate a significant part of their naval forces to an effort at interdicting our sea lanes.

The Minuteman is the heart of the United States' ICBM force. The ICBM force gives the U.S. the accuracy, flexibility and control necessary to deal with and thereby deter a wide range of attacks on the military targets.

The last B-52 bomber was produced in 1962. If the heavy bombers are to continue their contribution to deterrence, modernization and replacement are necessary.



Fifth, the United States and its maritime allies could suffer significant but not prohibitive shipping losses if the Soviets were to conduct a major antishipping campaign. In time, however, U.S. and allied sea control forces would exact heavy attrition on the enemy's long-range forces, and would regain firm control of the sea lanes in the Atlantic and Pacific. Although shipping losses might be heavy, the net effect on the U.S. and allied war effort would not be crippling.

Sixth, as far as peacetime naval presence is concerned, aggregate Soviet activity increased sharply in the late 1960s, but now appears to have stabilized somewhat below the overall U.S. level. The Soviets could increase their deployments by raising the operating tempo of their forces. During the Middle East war of 1973, in fact, they demonstrated a significant capability to surge and support naval forces to a greater extent than we had anticipated. However, U.S. forces tend to have a greater surge capability to most theaters of primary interest to the United States and its allies.

To preclude any misinterpretation of these conclusions, which I would characterize as cautiously optimistic, I should emphasize three basic qualifications.

First, the validity of the longer-range aspects of our assessment depends on the assumption that the Navy's current modernization will be completed essentially as planned. To the extent that this fundamental assumption proves false, the risk that our future Navy will be able to carry out our strategy will grow beyond a prudent level.

Second, as is true of any analytical assessment of a complex problem, our work on the maritime balance reflects many uncertainties, particularly in its treatment of future Soviet policies. The naval programs discussed later in this report are in some cases sized and structured to provide hedges against the more important uncertainties in our estimates.

Third, there could be plausible situations in which the enemy may have advantages of geography or selection of H-hour (or both) which would severely strain our naval capabilities or temporarily deny us the use of certain parts of the world's oceans.

Subject to these three basic qualifications, if our naval modernization programs are approved by the Congress, I am reasonably confident that the United States, together with its allies, will remain able to defend the essential sea lanes in the Atlantic and Pacific, project power ashore under a wide range of circumstances, continue a strong deployed naval presence, and maintain the necessary maritime balance with the Soviet Union and its clients.

Trends in the Defense Budget

For FY 1976, the Department requests $104.7 billion in Total Obligational Authority (TOA). This compares with the $93.9 billion requested for FY 1975 (including the POL and Mideast amendments). Outlays are planned at $92.8 billion, compared with the Department's estimate of $86.8 billion for FY 1975 (again including the Mideast and POL). On this basis, TOA will increase by $10.8 billion and outlays by $6 billion. It should be noted, however, that the Congress allowed the Department only $89 billion in TOA for FY 1975, despite rampant inflation. Outlays for FY 1975 are now estimated at $84.8 billion.

Currently estimated outlays for FY 1976 will constitute 26.6 per cent of the Federal budget (compared with 27.1 per cent for FY 1975), and will consume 5 per cent of the capacity output of the Gross

National Product (somewhat less than the 5.2 per cent for FY 1975). It should be emphasized, however, that if the President were not to receive the authority to limit Federal pay increases to 5 per cent (which will save us $1.8 billion), and if the Department were not to require the receipts from the production of oil at Elk Hills (currently estimated at $400 million), defense outlays for FY 1976 would rise to $95 billion instead of $92.8 billion.

Of these planned outlays, $6.9 billion will go to military retired pay alone; and another $42.3 billion is required for compensation of civil service and active duty military personnel. This total of $49.2 billion represents 53 per cent of our proposed outlays for FY 1976.

Although TOA for FY 1976 appears to increase by $15.7 billion, the bulk of the increase is intended to deal with the effects of past and current inflation. Although there is a real increase in TOA from the eroded FY 1975 base, there is an actual decrease from the amount projected last year in our rolling five-year defense plan. In fact, as a result of underestimates of inflation during the past two years, the Department is not able to buy $10 billion in contracted goods and services authorized and approved by the Congress in FY 1975 and prior-year budgets.

Outlays show an increase of $8 billion over FY 1975. Of this total, $3 billion is for pay increases alone. In addition, purchase prices have risen sharply in recent months. Even if they level off in the near future, our purchasing power in FY 1976 (on a full-year basis) will be considerably less than in FY 1975. Depending upon the overall inflation rate, the real program value of Departmental outlays for FY 1976 will be about the same as for FY 1975. That is to say, we will be able to purchase about the same amounts of goods and services in FY 1976 that we did in FY 1975, despite the seemingly large increase in proposed outlays. By comparison, we compute that Soviet defense outlays, measured in dollars, will rise by as much as 3 per cent in real terms.

In order to keep our own outlays approximately level in real program value, and at the same time struggle to retain a force structure adequate to the fulfillment of U.S. responsibilities, the Department is taking further belt-tightening measures. Among the most severe are:

- A reduction of 30,000 in military manpower;
- A reduction of 9,000 in civil service personnel;
- A rigid control over the consumption of petroleum.

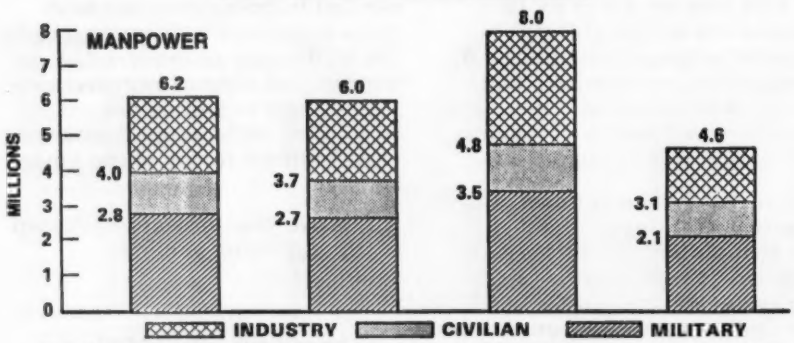
The Department's five-year projection of the future defense budgets attempts to reverse this downward trend. The forecast shows current estimates of the minimum future financing needed to keep U.S. military forces of adequate size, readiness, and modernization. Department of Defense TOA will grow at a rate of about $2.8 billion a year in real terms from the proposed FY 1976 budget level of $104.7 billion.

An average of $300 million a year of this $2.8 billion annual increase will be needed to keep pace with projected increases in the population of men and women who will have retired after 20 or more years of service in the Armed Forces. Increases for development of petroleum reserves, less decreases for military assistance, net to a growth of $.1 billion a year. The remaining $2.4 billion annual increase will be required to provide real (non-inflationary) growth in funding for the modernization and readiness of U.S. forces. This $2.4 billion annual increase, which represents an annual real growth rate of about 2 per cent in the Defense Budget, is needed to cover the additional costs associated with improving the technology of modern U.S. weapon and support systems made increasingly urgent by the continuing technological advances in the military forces of the Soviet Union.

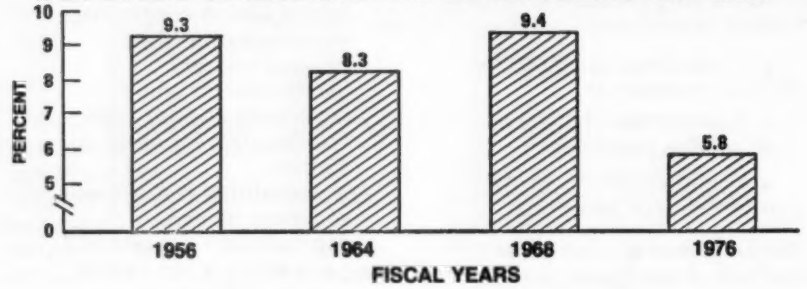
This five-year projection is based on the following general assumptions:

—A world situation essentially unchanged from today, with the Soviet Union continuing the expansion of its present military establishment while remaining at odds with the People's Republic of China.
—A continuing real growth of Soviet defense expenditures at a rate of 2 per cent to 3 per cent a year in dollar terms.
—Continuation of the current Strategic Arms Limitation Agreements, including implementation of the Vladivostok understanding.
—A relatively constant Defense active and Reserve force, measured in military and civilian manpower, with continuing improvements in its combat power at the expense of reductions in headquarters and support personnel. This will result in some additional combat units, such as the planned increase of 16 Army divisions, and the growth in Air Force combat power, without increases in total defense personnel. Further efficiencies will, of course, be sought in order to convert

DEFENSE RESOURCES



DEFENSE SPENDING AS A PERCENT OF GNP



overhead into restored combat capability.

—A continuation of the Navy program designed to reverse the recent trend of declining force levels while conforming generally to the requirements of Title VIII.

—Continuation of the "high-low" force mix concept to avoid over-sophistication in all components of the force and to assure adequate numbers of systems.

—Assurance of a dynamic RDT&E program, but one constrained in terms of total dollar resources.

—Continuation of military assistance somewhat below the current level because of a projected decrease in aid to Southeast Asia.

Inflation has already reduced very severely the purchasing power of previous defense budgets. Current economic forecasts do not anticipate that future inflation will be as severe as it has been in the last 24 months. But there will still be inflation in the United States between FY 1977 and FY 1980. Consistent with current economic forecasts, the second row of figures in the table shows one series of fully inflated, "then-year" obligational authority estimates required to support our five-year projections.

The difference between the two projections is that the second projection includes all the estimated future inflationary price increases beyond those forecast in the Defense Budget for FY 1976. If future inflation is lower than the forecast upon which the projections in the second row are based, these "out-year" totals can be reduced. On the other hand, if inflation is higher than we have forecast, the Department will so advise the Congress and prepare new projections.

Two major points need emphasis here. The first is that projections of future Defense spending which include only the real growth are shown in deflated (constant) prices in the top line of the table. The second is that Defense outlays over this period will continue to decline as a percent of capacity GNP.

Fiscal Year
(Total Obligational Authority in billions of dollars)

Five-Year Projection	1976	77	78	79	80
In deflated prices	104.7	107	111	114	116
In "then-year" dollars	104.7	117	128	138	148

Before explaining the basis for these requests, it is worth summarizing several assumptions of a more general nature that have guided the Department in preparing this report.

—The United States is inescapably the leader of the non-Communist world; there is no other country to fulfill our role if we abondon it.

—Grave challenges face the industrialized nations of the West, and they are as much external as internal.

—If we are to realize our dreams of domestic progress, we must first stay alive and free.

—National defense (and the men and women who perform so well in its service) provides an indispensable public good that is the basic duty of this Republic to its citizens.

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